

UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

In re:

CITY OF DETROIT, MICHIGAN,

Debtor.

Case No. 13-53846

Chapter 9

Hon. Steven W. Rhodes

/

**APPLICATION FOR APPROVAL OF THE EMPLOYMENT OF STEINBERG
SHAPIRO & CLARK, AS CO-COUNSEL FOR THE COMMITTEE OF UNSECURED
CREDITORS OF THE CITY OF DETROIT, MICHIGAN *NUNC PRO TUNC* TO
JANUARY 22, 2014**

The creditors holding unsecured claims against City of Detroit, Michigan (the “Committee”), pursuant to section 103 of Title 11 of the United States Code (§§ 101 *et. seq.*) (the “Bankruptcy Code) and Federal Rule of Bankruptcy Procedure 2014, file this application (the “Application”) for approval of the employment of Steinberg Shapiro & Clark (“SSC”), as co-counsel with Morrison & Foerster, LLP for the Committee. In support of its Application, the Committee states as follows:

1. On July 18, 2013, (the “Petition Date”), City of Detroit, Michigan (the “Debtor”), filed a voluntary petition for relief under Chapter 9 of the Bankruptcy Code.
2. The United States Trustee filed its Appointment of Committee of Unsecured Creditors on December 23, 2013 (Docket No. 2290).
3. At a scheduled meeting of the Committee held on January 22, 2014, the Committee resolved to seek Bankruptcy Court authority to employ SSC and Morrison & Foerster LLP (“Mo Fo”) as co-counsel in accordance with 11 U.S.C. § 1103.
4. The Committee seeks to employ SSC as co-counsel to provide it with legal advice with respect to its powers and duties as a Committee in connection with the Debtor’s Chapter 9 case,

and to perform other necessary legal services on its behalf, which services are outlined in more detail below.

5. The Committee selected SSC and MoFo as its co-counsel because their attorneys have substantial experience in insolvency matters. The Committee believes that SSC's attorneys are well qualified to represent it in this case, and seeks to employ SSC to render such professional services.

6. The professional services to be rendered by SSC to the Committee include:

- (a) Providing the Committee with legal advice concerning its statutory powers and duties in connection with the Debtor's Chapter 9 case;
- (b) Assisting the Committee in its investigation of the acts, conduct, assets, liabilities, and financial condition and affairs of the Debtor and the operation of the Debtor's business and any claims and liens asserted by any creditor including the Debtor's lender(s);
- (c) Participating in the formulation of any plan and analysis of proposals for sale(s) and/or plan(s) by the Debtor;
- (d) Advising and analyzing any proposed disposition of the Debtor's assets outside of a plan; and
- (e) Performing such other legal services on behalf of the unsecured creditors of the estate as are necessary or required.

7. SSC has indicated its willingness to serve as the Committee's co-counsel in this case, and the Committee submits that it is in the best interests of the Committee and the Debtor's bankruptcy estate for the Committee to retain SSC.

8. The Committee understands that SSC will apply to the Court for allowance of compensation and reimbursement of expenses in accordance with *inter alia*, sections 330 and 331 of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedures, the Local Bankruptcy Rules, and orders of this Court, for all services rendered and expenses incurred. The Committee is informed that the present hourly rates of SSC's attorneys and legal assistants are as follows:

Mark H. Shapiro	-	\$300.00
Tracy M. Clark	-	\$275.00
Geoffrey T. Pavlic	-	\$285.00
Jordan M. Sickman	-	\$240.00
Lauren Schumacher Oriani	-	\$195.00
Legal Assistants	-	\$125.00

It is anticipated that substantial services will be rendered by, among others, Mark H. Shapiro and Geoffrey T. Pavlic. All rates are subject to change periodically, consistent with any general increase in the hourly rates charged by SSC.

9. Subject to the provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedures, the Local Bankruptcy Rules, and orders of this Court, the Committee proposes that SSC be compensated at its customary hourly rates for services rendered, plus out-of-pocket expenses. The Committee submits that SSC's hourly rates are reasonable.

10. No compensation will be paid to SSC except upon application to and approval by the Bankruptcy Court after notice and hearing as required by law unless otherwise ordered by this Court, however, SSC and MoFo intend to seek inclusion in the Court's September 11, 2013 "Fee Review Order" [Docket No. 810] and avail themselves of the procedures set forth in that Order.

11. SSC's attorneys are admitted to practice in the United States District Court for the Eastern District of Michigan.

12. The attorneys at SSC have knowledge and experience with regard to the matters in which SSC is to be engaged, and are well qualified to represent the Committee. Attached hereto and incorporated herein by reference as Exhibit 1, is SSC's Bankruptcy Rule 2014 Verification with regard to its qualifications and the terms and conditions of its employment, including the basis upon which compensation and reimbursement of expenses will be sought.

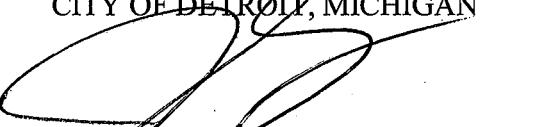
13. Attached hereto is a copy of a proposed Order authorizing the employment of SSC as co-counsel for the Committee.

14. Except as disclosed in the Bankruptcy Rule 2014 Verification, SSC represents that it has no interest adverse to the estate or any class of creditors, and SSC has no relationship with the U.S. Trustee or any person employed in the Office of the U.S. Trustee.

WHEREFORE, the Committee prays for authority to retain and employ Steinberg Shapiro & Clark as co-counsel as set forth herein and for such other and further relief as may be just and proper.

Dated: February 14th, 2014

THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS OF
CITY OF DETROIT, MICHIGAN


Jay H. Smith, IV, Vice President
Wilmington Trust, National Association
25 South Charles Street, 11th Floor
Baltimore, Maryland 21201
(410) 545-2193

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**RULE 2014 VERIFICATION WITH REGARD TO
EMPLOYMENT OF STEINBERG SHAPIRO & CLARK**

The undersigned hereby declares under penalty of perjury:

1. I am a partner with Steinberg Shapiro & Clark (“SSC”). SSC is a d/b/a of Mark H. Shapiro, P.C. SSC is engaged in the practice of law with offices located at 25925 Telegraph Road, Suite 203, Southfield, Michigan 48033. All attorneys practicing with SSC are attorneys at law, duly admitted to practice before the United States District Court for the Eastern District of Michigan.

2. The facts set forth in this declaration are based upon either my personal knowledge, upon information and belief, or upon client records which were reviewed by me or another employee of SSC under my supervision and direction. This declaration is submitted in support of the *Application for Approval of Employment of Steinberg Shapiro & Clark as Co-Counsel for the Committee of Unsecured Creditors of City of Detroit, Michigan, nunc pro tunc to January 22, 2014* (the “Application”).

3. SSC has been asked to be employed as co-counsel to represent the Committee of Unsecured Creditors of City of Detroit, Michigan (the “Committee”) in this bankruptcy case.

4. To the best of my knowledge, neither I nor any member of SSC has any connection with the Debtor, its creditors, or any other parties-in-interest, their respective attorneys and accountants, or the Office of the United States Trustee, except as otherwise set forth herein.

5. The Sam Bernstein Law Firm is counsel for Jessie Payne, one of the members of the Unsecured Creditors Committee, and has been acting on behalf of Ms. Payne in connection with the Unsecured Creditors Committee. SSC regularly assists The Sam Bernstein Law Firm in bankruptcy matters they become involved in, but never in connection with the firm's representation of Ms. Payne. Prior to being asked to act as co-counsel for the Creditors Committee, SSC provided advice to The Sam Bernstein Law Firm regarding the above-captioned proceedings and Chapter 9, in general. From this point forward, SSC will not act as counsel for The Sam Bernstein Law Firm and/or Jessie Payne in connection with the City of Detroit case.

6. Also prior to being asked to represent the Creditors Committee, SSC represented Local 3308 and Local 917 of the American Federation of State, County and Municipal Employees (the AFSCME Locals) in objecting to a Motion filed by the City of Detroit to extend the automatic stay to the State of Michigan District Court for the 36th District. The Court has ruled on that matter and SSC has concluded its representation of the AFSCME Locals. SSC also previously represented Lasalle Town Houses Cooperative Association, Nicolet Town Houses Cooperative Association, Lafayette Town Houses, Inc., Joliet Town Houses Cooperative Association, and St. James Cooperative (the "Cooperatives") in the City of Detroit case, in connection with obtaining an order lifting the automatic stay as to the Cooperatives' pending lawsuit against the Detroit City Water & Sewerage Department in the U.S. District Court for the Eastern District of Michigan, case no. 4:12-cv-13747. The Bankruptcy Court's Order Lifting Stay has been appealed by the City, however, SSC will not be representing the Cooperatives in the appeal, due to their selection as Committee co-counsel.

7. The amount and proposed range of compensation includes hourly rates to be approved by the Court for SSC's members and associates is as follows:

Mark H. Shapiro	-	\$300.00
Tracy M. Clark	-	\$275.00
Geoffrey T. Pavlic	-	\$285.00
Jordan M. Sickman	-	\$240.00
Lauren Schumacher Oriani	-	\$195.00
Legal Assistants	-	\$125.00

8. SSC will periodically file applications seeking approval of its fees and reimbursement of its expenses. SSC understands that all fees and expenses are subject to Court approval.

STEINBERG SHAPIRO & CLARK

/s/ Mark H. Shapiro (P43134)
25925 Telegraph Road., Suite 203
Southfield, MI 48033
(248) 352-4700
shapiro@steinbergshapiro.com

Date: February 14, 2014

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In re:

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**ORDER APPROVING APPLICATION FOR APPROVAL OF THE EMPLOYMENT OF
STEINBERG SHAPIRO & CLARK, AS CO-COUNSEL FOR THE COMMITTEE OF
UNSECURED CREDITORS OF THE CITY OF DETROIT, MICHIGAN, *NUNC PRO
TUNC* TO JANUARY 22, 2014**

This matter having come before the Court upon the Application for Approval of Employment of Steinberg Shapiro & Clark as co-counsel for the Official Committee of Unsecured Creditors of City of Detroit, Michigan, *nunc pro tunc* to January 22, 2014 (the “Application”); the Court having reviewed and considered the Application and the accompanying Rule 2014 Verification, the Court being satisfied that Steinberg Shapiro & Clark (“SSC”) represent no interest adverse to the estate of any class of creditors, that the employment of SSC is necessary and in the best interest of the estate, and that this case is one justifying the retention of SSC for the services outlined in the Application.

IT IS HEREBY ORDERED that the Application is approved in all respects.

IT IS FURTHER ORDERED that the Official Committee of Unsecured Creditors (the “Committee”) is authorized to employ SSC as its co-counsel in this Chapter 9 case, *nunc pro tunc*, to January 22, 2014, in accordance with the Application.

IT IS FURTHER ORDERED that SSC shall be compensated for services rendered to the Committee in this case pursuant to sections 503(b)(2), 507(a)(2) and 943(b)(5) of the Bankruptcy Code, applicable Federal Rules of Bankruptcy Procedures, the Local Bankruptcy Rules, and orders of this Court.

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**14 DAY NOTICE OF APPLICATION FOR APPROVAL OF THE EMPLOYMENT
OF STEINBERG SHAPIRO & CLARK, AS CO-COUNSEL FOR THE COMMITTEE
OF UNSECURED CREDITORS OF THE CITY OF DETROIT, MICHIGAN
NUNC PRO TUNC TO JANUARY 22, 2014**

The Committee of Unsecured Creditors of the City of Detroit, Michigan have filed papers with the Court for an order authorizing employment of Steinberg Shapiro & Clark as co-counsel for the Committee. The Application additionally seeks retention on a *nunc pro tunc* basis, to January 22, 2014. A copy of the Application is on file with the Court.

Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one in this bankruptcy case. (If you do not have an attorney, you may wish to consult one.)

If you do not want the Court to grant the applications, or if you want the Court to consider your views on the applications, then within 14 days after service of this notice, you or your attorney must:

File with the Court a written objection or request for a hearing at:¹

**INTAKE OFFICE
U.S. Bankruptcy Court
211 West Fort Street, 17th Floor
Detroit, Michigan 48226**

If you mail your response to the Court for filing, you must mail it early enough so the Court will **receive** it on or before the 14 day period expires.

¹Objection or request for hearing must comply with F.R. Civ.P. 8(b), (c) and (e).

You must also mail a copy to:

STEINBERG SHAPIRO & CLARK
c/o Mark H. Shapiro, Esq.
25925 Telegraph Road, Suite 203
Southfield, Michigan 48033
(248) 352-4700

If you or your attorney do not take these steps, the Court may decide that you do not oppose the relief sought in the motion and may enter an order granting that relief.

STEINBERG SHAPIRO & CLARK

/s/ Mark H. Shapiro (P43134)
Proposed Co-Counsel for the Committee
of Unsecured Creditors
25925 Telegraph Road., Suite 203
Southfield, MI 48033
(248) 352-4700
shapiro@steinbergshapiro.com

Date: February 14, 2014

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Certificate of Service

The undersigned certifies that on February 14, 2014, she electronically filed with the Court, via the Court's Electronic Case Filing System, Application for Approval of the Employment of Steinberg Shapiro & Clark, as Co-counsel for the Committee of Unsecured Creditors of the City of Detroit, Michigan *Nunc Pro Tunc* to January 22, 2014, Notice of the Application, and this Certificate of Service which will be sent to all parties registered to receive notice in this above-captioned case.

/s/ Joy L. Brown, Legal Assistant
Steinberg Shapiro & Clark
25925 Telegraph Road
Suite 203
Southfield, MI 48033
248-352-4700